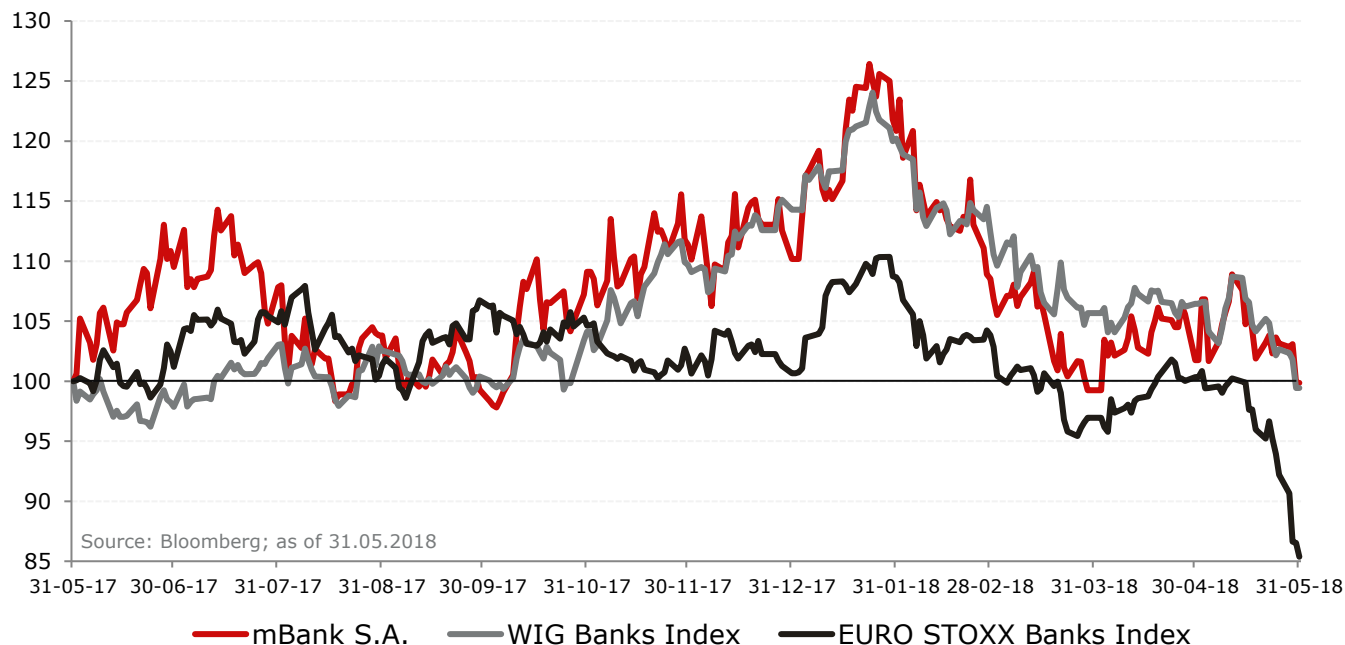


Share price performance summary

In May mBank's share price decreased by 1.86%, while the WIG-Banks index declined by 6.59%. The EURO STOXX Banks Index dropped by 14.92% in the same period.

Last 12 months – chart



change in the period	2Q'17	3Q'17	4Q'17	2017	1Q'18	2018 YtD
mBank	+23.72%	-9.33%	+10.98%	+38.70%	-9.94%	-9.38%
WIG Banks Index	+3.86%	+2.60%	+13.84%	+35.42%	-7.55%	-13.01%
EURO STOXX Banks Index	+2.68%	+5.30%	-5.71%	+10.89%	-3.67%	-15.18%

Consensus estimates for mBank Group's results

Financials (in PLN M)	2016	2017	2018E		2019E	
			estimate	Δ vs. 2017	estimate	Δ vs. 2018E
Net interest income	2 833	3 136	3 362	+7.2%	3 681	+9.5%
Net F&C income	906	992	1 037	+4.5%	1 090	+5.2%
Total income	4 295	4 454	4 819	+8.2%	5 147	+6.8%
Total costs	-1 963	-2 043	-2 097	+2.6%	-2 165	+3.2%
LLPs	-365	-508	-576	+13.5%	-619	+7.4%
Operating profit	1 967	1 903	2 145	+12.8%	2 363	+10.1%
Net profit	1 219	1 092	1 291	+18.2%	1 447	+12.1%
Net loans	81 763	84 476	90 349	+7.0%	94 866	+5.0%
Assets	133 744	131 424	139 184	+5.9%	145 675	+4.7%
Deposits	91 418	91 496	99 755	+7.9%	103 948	+5.3%

Contributing research by: Citi Research, Deutsche Bank, DM BOŚ, BZ WBK Brokerage, PKO BP Securities, Erste Group, Ipopema, Haitong, J.P. Morgan, KBW, Pekao Investment Banking, Raiffeisen Centrobank, Societe Generale, Trigon DM, Vestor DM, Wood&Company.

Note: 2016 total income includes a gain on the settlement of Visa transaction (PLN 247.7 million).

Special topic: mBank issues CHF 180 million of 4-year bonds under EMTN programme

On May 23, 2018, mBank successfully launched a new 4-year CHF 180 million Senior Unsecured transaction. It was marketed during a one-day roadshow in Geneva and Zurich. The bonds, maturing in 2022, were priced at a level of Mid Swaps + 75bps and the coupon was set at 0.565% per annum. Bookrunners were Credit Suisse, Commerzbank and UBS.

The transaction settlement date is June 7, 2018. The tranche is rated at "BBB+" by S&P Global Ratings and at "BBB" by Fitch Ratings. The bonds will be listed on SIX Swiss Exchange.

Issuer	mBank S.A.
Format	Senior Unsecured Debt out of EMTN programme
Issue rating	BBB (Fitch) / BBB+ (S&P)
Issue size	CHF 180 million
Settlement date	7 June 2018
Maturity date	7 June 2022
Reoffer spread	MS+75bps
Coupon	0.565% p.a.
Listing	SIX Swiss Exchange

Two other CHF-denominated tranches maturing in October 2018 and in 2023 as well as three EUR-denominated bonds maturing in 2019, 2020 and 2021 are currently outstanding.

Key news regarding mBank Group
mBank's analysts see the overall scenario for 2018 unchanged despite distorted April data


Timing of Easter affected economic statistics and distorted figures in March and April. Nevertheless, mBank's analysts judge that nothing really changed and the economy is set to grow at a brisk pace in 2Q'18, albeit short-term momentum seems to be waning. Household consumption is still the key driver, with annual growth north of 5% YoY.

According to the preliminary data, Polish GDP surprised to the upside, having grown by 5.2% YoY in 1Q'18. On a sequential basis, GDP rose by an impressive 1.6% QoQ (seasonally adjusted). The economy has probably passed the cyclical peak and the dynamics recorded in the subsequent quarters should be lower.

April CPI inflation accelerated to 1.6% YoY. Food and fuel prices increased by 0.4% and 2.8% MoM, respectively, while core categories remained surprisingly low. Even if communications prices (-0.6% MoM) were excluded, core inflation would have failed to rise above 0.6% YoY (insurance fees and airline tickets stood out). The red hot labour market implies that any noticeable rise in prices (and fuel prices are extremely conducive for inflation expectations) will swiftly translate into higher wage demands to keep income and consumption growth steady. Core inflation, even though extremely low now, is set to double by the end of the year.

Employment in the enterprise sector grew in April by 3.7% YoY, in line with market consensus and last month's reading. On a monthly basis, exactly 7 thou. jobs were added, which means that the pace of job creation has slightly eased since the beginning of the year. Average gross wage rose by 7.8% YoY, beating estimates of 7.2%.

Industrial output went up by 9.3% YoY in April. The upswing was primarily driven by manufacturing production, while mining and energy output posted modest contributions. However, industry showed little new momentum, having grown by a mere 0.5% MoM in seasonally adjusted terms. As a result, the trend in Polish industry is still a downward one, with annual growth reaching one-year lows on a smoothed basis.

Construction output disappointed, having accelerated from 16.2% to 19.7% YoY, below market consensus of 25%. The sector failed to react to significantly better weather conditions, strong base effect and favourable calendar. This is a weak print, as confirmed by seasonally adjusted MoM decline of 1.2%.

Producer prices increased by 1.1% YoY, higher than market predictions. A vast part of this surprise is attributed to the revision of last month's reading (from 0.3% to 0.5% YoY). The rest is a result of higher-than-expected growth in manufacturing prices, only partially balanced by a drop of prices in the mining sector. PPI growth is currently driven by higher commodity prices, mainly oil (on a monthly basis this category went up by a 5.5%).

In April retail sales rose by a mere 4.6% YoY in nominal terms, significantly below forecasts of 7-7.5%. Two categories are entirely to blame for the disappointment: food sales and sales in other non-specialized stores (dropped by 8.2% and 2.7% YoY, respectively). It can be attributed to the timing of Easter, which boosted sales in March and depressed in April (the reverse happened in 2017). It is also possible that the Sunday trading ban had some effect since shops were closed in four out of five Sundays.

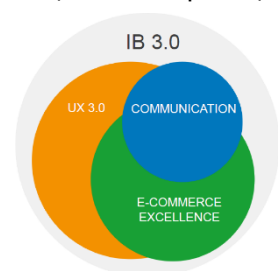
The May meeting of the MPC brought no meaningful changes to Polish monetary policy. Rates were put on hold and the post-meeting statement differed from the previous one only with respect to the discussion of recent data, while comments on the prospects of GDP growth, inflation and interest rates remained identical, with no hikes until the end of 2019 and unless something unexpected happens in 2020 as well.

mBank started iterative change of its internet banking

As customers expect intuitive and functional internet banking, mBank launched the process of enhancing its online transactional platform. Improved design and new features will be introduced gradually, giving clients time to familiarize with them. On May 20, 2018, as an inaugural step customers saw a service in adjusted colours. The subsequent changes will be presented during the holidays.

Key modifications were selected basing on numerous sources of customer voice, including: over 1000 customer complaints, user interface & user experience researches, trend reports, sales analytics and workshops with other units.

The program addresses 3 major areas: (i) *UX 3.0*, *Satisfaction & NPS* (seamless and secure access, navigation, design, content), (ii) *eCommerce Excellence* (sales, new real-time marketing scenarios, passage redesign, advanced analytics – customer paths), and (iii) *Communication* (channel engagement and onboarding tools, chatbots, customer feedback tools, mailing optimization).



Forthcoming corporate access events

13-14.06.2018	WOOD's Emerging Europe Financials Conference in Warsaw
10-11.09.2018	Pekao's 15th Annual Emerging Europe Investment Conference in Warsaw

Forthcoming reporting events

31.07.2018	Semi-annual Financial Report of mBank Group for H1 2018
30.10.2018	mBank Group Financial Report for Q3 2018
28.02.2019	Annual Financial Report of mBank Group for 2018

mBank's shares:

ISIN	PLBRE0000012
Bloomberg	MBK PW
Number of shares issued	42 312 122
Listed on WSE since	06.10.1992
Relevant WSE indices	WIG, WIG-30, WIG-20, WIG-Banks

**mBank Analyzer
Annual Report online**Newsletter archive – [click here](#)

For any further information, please contact the IR team.

E-mail address: investor.relations@mbank.plmBank S.A.
Analysis and Investor Relations Department
ul. Senatorska 18
00-950 Warszawa